

**North Carolina HIE
Board of Directors Meeting
Meeting Notes
May 19, 2011**

The North Carolina Health Information Exchange (NC HIE)'s Board meeting convened at 12:00 p.m. at the North Carolina Hospital Association on Thursday, May 19, 2011. The public was invited to attend.

Meeting Attendees – Advisory Board Members	
Name	Organization
Cansler, Lanier (Secretary) – <i>Co-Chair</i>	NC Department of Health and Human Services
Atkinson, Bill	WakeMed
Bridges, Thomas “Tom”	Henderson County Health Department
Callaway, Hadley, M.D.	NC Medical Society
Cykert, Sam, M.D.	Area Health Education Centers/REC
Dobson, Allen, M.D.	Community Care of NC
Fralick, Jerry – <i>Ex-Officio</i>	NC Office of the State CIO
Gray, Craigan – <i>Ex-Officio</i>	NC Medicaid
King, David	LabCorp
Kitzmiller, Rebecca “Becky”	NC Nurses Association
Money, Benjamin	NC Community Health Center Association
Newton, Warren, M.D.	NC Healthcare Quality Alliance
Saunders, George, M.D.	North Carolina Medical Board
Spicer, Sam, M.D.	New Hanover RMC / NCHICA
Tayloe, Dave	American Academy of Pediatrics
Staff	
Jeff Miller	NC HIE
Alan Hirsch	NC HIE
Anita Massey	NC HIE
Fred Goldwater	NC HIE
Sandra Ellis	NC HIE
Bill Bernstein	Manatt Health Solutions
Lammot du Pont	Manatt Health Solutions
Members of the Public	
Linda Attarian	NC DHHS
Mark Bell	NC Hospital Association
Melanie Phelps	NC Medical Society
Walker Wilson	Office of Health IT, NC DHHS
Sarah Lesesne	NCCHCA
Ann Rogers	NC State Health Plan

Items of Business

- Welcome, Roll Call, Approval of Minutes from April 21 Board Meeting
- Unfinished Board Business including re-affirmation of Officers
- CEO Report
- Work Group Update
 - Legal/Policy
 - Governance
- New Business
- Open Public Comment and Closing Comments

Welcome, Roll Call and Approval of Minutes

Secretary Lanier Cansler, Co-Chair of the NC HIE Board, welcomed meeting attendees and reviewed the meeting agenda. A motion was made to approve the minutes from the Board's April 21 meeting; the motion was seconded. The meeting minutes from the Board's April 2011 meeting were approved.

Secretary Cansler first noted that the Executive Committee has developed a proposed list of the following members to serve as NC HIE Officers and as the Executive Committee:

- Lanier Cansler – Co-Chairperson
- Charles Sanders – Co-Chairperson
- Hadley Callaway – Vice Chairman
- Brad Wilson – Secretary
- Allen Dobson – Treasurer
- Bill Atkinson – Past Co-Chairperson
- George Saunders – Director at Large

Chairman Cansler asked for a motion to approve the proposed list of Officers. The motion was made and seconded. The Board approved the motion with no objections.

Secretary Cansler then noted that a conflict of interest statement, required for completion of the NC HIE's 501(c)(3) application, has been sent to Board members, key staff, and vendors. Secretary Cansler asked that completed statements be returned to NC HIE as soon as possible.

Secretary Cansler briefly reviewed at a high-level the anticipated Board schedule (*see slide deck for details*) for the next several months before turning the floor over to Mr. Jeff Miller for the CEO Report.

CEO Update

Mr. Miller thanked Chairman Cansler and the members of the Board and stated that he looks forward to working with the Board in his new role as CEO. Mr. Miller then provided an update on NC HIE operations.

Staffing

Mr. Miller reported that NC HIE is hiring for two positions (Chief Technology Officer and Vice President of Finance Operations) which were included in the budget submitted to ONC. NC HIE received over 500 applications for the open positions. Out of that pool, NC HIE staff identified 7-10 qualified candidates for each position and held face-to-face interviews with 3-4 candidates. NC HIE staff reviewed candidates with the Executive Committee. Based on the Executive Committee's recommendation, NC HIE will be offering letters to the two finalists in the coming days.

Mr. Miller also reported that because the organization believes it to be prudent to have legal counsel for general business requirements, NC HIE has started the process of trying to identify legal counsel. Mr. Miller asked Board members to provide any recommendations for legal counsel to NC HIE staff who will organize candidates and make a recommendation to the Executive Committee for approval. NC HIE hopes to secure legal counsel within the next 30 days.

Marketing/Communications

Mr. Miller next provided an update on the NC HIE's marketing and communication activities. The NC HIE recently signed a contract with Capstrat to help NC HIE better understand stakeholder needs and messaging strategy. Capstrat has moved forward with scheduling stakeholder meetings and will focus on gathering information hospitals during the first phase of outreach. NC HIE staff expects a report back before the end of the week regarding status of ongoing meetings and a more formal report on Capstrat's findings will be made to the Board as progress is made.

Policies

Mr. Miller next gave an overview of a set of temporary policies and procedures that have been put in place by the NC HIE to streamline start-up operations until a complete set of policies can be developed (*see slide deck for additional details*). The policies, which deal with hiring, staff compensation, and authorizations and purchase limits, were approved as temporary policies by the Executive Committee and will be in effect for the next 30 days. Mr. Miller stated that the NC HIE plans to present a full set of policies and procedures to the Board at its next meeting for review and approval. Mr. Miller asked for any comments or questions on the proposed temporary policies.

Mr. George Saunders requested that ensuring the diversity of candidates be included as a requirement within the NC HIE's hiring policy. Mr. Miller concurred and agreed that NC HIE would include diversity considerations in its policies.

Finance update

Mr. Miller provided an update on NC HIE financing and reported that NC HIE now has full access to ONC funding. NC HIE is using the federal funding to pay debts that were incurred while NC HIE awaited federal grant disbursement. The organization will also use funds to begin purchasing IT equipment for NC HIE staff.

Mr. Miller next addressed the NC HIE's prepayment plan. As approved by the Board, NC HIE staff are executing the prepayment plan and have reviewed the prepayment letter with the Executive Committee. The NC HIE will begin working with stakeholders over the next few weeks (within the bounds and policies agreed to by the Board) to advance the prepayment plan.

Mr. Miller noted that securing support from North Carolina Medicaid for HIE services is a critical component of the financing plan and stated that CMS recently issued guidance describing the ways in which Medicaid can contribute financial support to statewide HIE. Mr. Miller stated that NC HIE is focused on ensuring that Medicaid and other stakeholders each contribute a "fair share" of costs for statewide HIE. Mr. Craigan Grey affirmed NC Medicaid's support for statewide HIE activities.

Service Development

Lastly, Mr. Miller provided an update on the RFP for technical services. Mr. Miller reported that 32 vendors have submitted letters of intent to bid. RFP responses are due tomorrow. Mr. Miller described the process through which RFP responses will be evaluated by the NC HIE Evaluation Committee. The NC HIE will present a recommendation for a core vendor for technical services at the next Board meeting. Assuming the Board approves the NC HIE's recommendation of service vendor, the organization will enter into direct negotiations with the entity and bring the final contract terms back to the Board for review and final approval.

Mr. Miller then opened the floor to Board members for comments or questions.

Mr. Hadley Callaway asked whether vendor finalist demonstrations would be open to the Board. Mr. Miller responded that only members of the Evaluation Committee and Clinical and Technical Operations Workgroup (CTOWG) have received invitations to the vendor demonstrations but that Board members are welcome to participate should they care to do so.

Mr. Tom Bridges asked whether a shared risk requirement had been built into RFP requirements. Mr. Miller answered that bidders were required to respond to three sections (technical requirements, budget and partnership sections); the partnership section specifically asked the vendor to focus on how they plan to partner and share risk. Mr. Miller added that throughout the RFP the notion of shared risk and partnership were identified as top priorities.

Mr. Ben Money asked whether the RFP required any “give-backs” to safety net providers (such as services, resources, discounts). Mr. Miller responded that the RFP leaves the issue open but asks vendors to specifically describe how they would take into account the needs and limited resources of safety net providers. Mr. Miller also responded that based on Mr. Money’s suggestion, the NC HIE staff will ensure the issue is addressed during negotiations with vendors.

Mr. Miller concluded his CEO report. Secretary Cansler then asked Workgroup Co-Chairs to provide an update on the ongoing efforts of the Legal/Policy Workgroup and Governance Workgroup.

Workgroup Updates

Legal and Policy Workgroup

In the absence of Workgroup Co-Chair, Senator Stein, Mr. Alan Hirsch provided an update on the Legal/Policy Workgroup. Mr. Hirsch started by discussing the status of the pending legislation related to enabling statewide HIE. The legislation has passed in the Senate and remains pending in the house. Secretary Cansler added that he is regularly communicating with Representative Jeff Barnhardt, sponsor of the legislation in the House, with regard to moving the bill forward.

Mr. Hirsch then stated that in the meantime the Legal/Policy Workgroup has been working to finalize the detailed set of privacy and security procedures. Privacy policies are near completion, though the group continues to consider the option to allow patients to opt-out of the exchange on a provider-specific basis as well as the issue of how consent should be managed for research purposes. Upon completion, the Workgroup will present the finalized privacy policies to the Board for review and approval. The group’s next step will be to develop security policies. Mr. Hirsch then opened the floor for Board member questions or comments.

Mr. Hadley Callaway asked whether the group had considered policies governing access to data for cases related to workers compensation. Mr. Callaway pointed out that this may be a service offering of the NC HIE as insurance companies would benefit from quicker, easier access to any data that they already have the authority to access.

Ms. Rebecca Kitzmiller asked whether the release of data for research purposes requires a court order. Mr. Hirsch responded that it does not – de-identified data can be released for research, but several protections exist for the release of identified data. The Workgroup is continuing to detail the mechanism to maintain data protections while streamlining the process for allowable research.

Governance Workgroup

Mr. Ben Money, Workgroup Co-Chair, led a review of the Governance Workgroup’s ongoing efforts related to the development of selection criteria for Qualified Organizations (*see slide deck for additional information*). Mr. Money also mentioned that the Governance Workgroup has recently begun considering the possibility that the NC HIE could also serve as a QO to

provide services to those providers who are not able or willing to connect to the network via other QOs. Mr. Money asked Mr. Miller to provide additional information on this option.

Mr. Miller stated that based on the NC HIE's mission statement related to leaving "no provider behind," the NC HIE believes that an option needs to exist for those providers who want an alternative to participation through QOs. Mr. Miller stated that there may be some advantages to the NC HIE serving as a QO alternative; for instance, the organization can leverage its investment in core infrastructure services.

Mr. Miller presented the following two items as potential options:

1. Allow the NC HIE to be certified as a QO and provide the same level of services as QOs (would need appropriate firewalls between NC HIE's role as a service provider and an overseer of the statewide HIE)
2. Allow the NC HIE to serve as the technical component of QO, so that the NC HIE (like a membership authority) would allow entities that don't have the technical capabilities to enroll and manage members and operate the business of being a QO, while the NC HIE provides the technical capacity for exchange. The membership authority would have to sign a contract with NC HIE

Mr. Bridges asked whether this approach would disincentivize other entities from becoming QOs. Mr. Miller responded that this would not be a desirable outcome and that the NC HIE does not seek to discourage enrollment in local QOs. Accordingly, the NC HIE would not aggressively market services but instead primarily make them available as a safety net. Mr. Miller stated that the NC HIE could also potentially create a separate organization to offer these technical services to providers that don't want to join a local QO. Mr. Miller also emphasized that the NC HIE has more research to do on the topic to fully understand the implications of the NC HIE serving in this capacity, and is only in the preliminary stages of its analysis.

Mr. Callaway stated his support for keeping this type of public option on the table and believes that it may serve as competition for other local QOs to drive quality performance and efficiency.

Mr. Money stated that one big area of discussion for the Workgroup has thus far been about the potential conflict of interest between the NC HIE serving as both a QO and a regulator of QOs. Mr. Money stated that the Governance Workgroup could further consider this issue and bring back additional information or recommendations regarding firewalls that would be required if the organization pursued this option.

Secretary Cansler added that the NC HIE's decision in this regard will ultimately be influenced by who applies to be a QO (i.e., the organization may find areas of state where QOs do not exist to provide access to the statewide network, so that the NC HIE will have to offer access).

Dr. Saunders stated that as a physician, he supports the idea of NC HIE being an available QO option for providers.

Mr. Sam Spicer expressed his strong belief that this decision should ultimately be made by the Board as a matter of policy (based on consideration of recommendations made by the Workgroup) and not at the administrative/NC HIE staff level. Mr. Spicer also stated that the NC HIE will need to understand a provider's reason for not wanting to participate in a local QO to inform its approach (e.g., political? costs of connecting? etc.). Mr. Spicer noted that the NC HIE will need to carefully consider the cost to the organization for building that capacity as the NC HIE may discover that it is not cost effective, or even financially feasible, for the NCHIE to provide direct access to the network for a limited set of smaller practices.

Secretary Cansler confirmed that the NC HIE plans to further consider the issue through the Workgroup process with the intent of requesting Board approval for the final recommendation.

Recommended Selection Criteria

The group then turned to a discussion of the Workgroup's recommended QO selection criteria (*see slide deck for additional details*). Mr. Money then opened the floor to Board members for comments or questions related to the recommended criteria.

Mr. Saunders asked whether insurance is available at this point for HIEs (so that they would be able to comply with the insurance requirement criterion). Mr. Miller responded that this insurance is available, though the terms and cost of policies continues to evolve with the changing health IT and HIE landscape. Mr. Miller stated that this emphasizes the need to ensure that criteria remain flexible and open to modification to keep up with changes in the industry; for example, in this case the NC HIE might only initially require that QOs have some kind of broad umbrella coverage at the start and might then require additional forms of coverage in the future.

Mr. Sam Cykert asked whether the number of QOs participating has implications for system efficiency or goals so that it can be taken into account in consideration of the selection criteria. Mr. Miller responded that there would not be a material difference between 12-25 QOs but that one would exist, for example, between the participation of 25-1,000 QOs. Mr. Miller stated that the NC HIE does not, however, plan to impose a fixed ceiling on the number of QOs and that the issue might instead be addressed by pricing to incentivize the participation of larger QOs.

Mr. Cykert questioned whether the first criterion related to incorporation requirements would prohibit Accountable Care Organizations (ACOs) from serving as QOs, as ACOs are required to be Limited Liability Corporations (LLCs) but LLCs are not considered corporations under North Carolina law. Mr. Bill Bernstein of Manatt responded that the Governance Workgroup's intention had not been to limit participation to corporation, but rather to ensure that a Tax ID number exists for any entities serving as QOs.

Mr. Bridges questioned whether this criterion would also limit the ability of specific state agencies serving as QOs.

Board members agreed that the criterion related to incorporation requirements should be revised to ensure that the wording does not unintentionally limit the participation of entities that may want to serve as QOs.

Mr. Money asked whether the Board approved of the proposed selection criteria, pending the modification of the incorporation criterion.

Secretary Cansler asked the Board to approve the proposed selection criteria, pending revisions to the first criterion related to incorporation requirements and recognizing that the criteria will serve as a basic outline and will require further fleshing out. A motion was made and seconded. The Board approved the proposed selection criteria (including the above described caveats) without objection.

Open Public Comment & Closing Comments

Secretary Cansler invited members of the public to comment. No members of the public submitted comments.

The meeting was adjourned at 2:30 p.m.